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NEWS RELEASE

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THDA Offers \$1 Million for American Dream Downpayment Initiative Program in 2005

NASHVILLE – Beginning July 1, the Tennessee Housing Development Agency (THDA) is making available \$1 million in forgivable grants to help low-income families with downpayment and closing cost assistance through its American Dream Downpayment Initiative (ADDI) Program, which is funded by the U. S. Department of Housing and Urban Development (HUD) through the HOME Program as a special set aside.

THDA will be using the rural delivery network set up from the previous year's program by continuing to work with current partners and expanding its base of ADDI Partner Agencies from across the state. As a result of discussions with these partnering agencies, the guidelines and procedures originally developed for the 2004 ADDI program have proven to be effective and will remain largely intact for 2005.

Last year, the amount of ADDI funds available per household was \$10,000; in order to reach out to more Tennesseans, the available amount for the 2005 program will be \$5,000. This will allow THDA to help secure homeownership for approximately 200 low income families for the 2005 fiscal year.

THDA staff, in the Community Programs Division, has developed an extensive statewide network of partnering agencies, comprised of non-profit and public agencies to help with the distribution of the ADDI funds. In 2004, twenty-four agencies assisted low-income households with the purchase of a home and were an important part of THDA's pilot ADDI program. Between September 1, 2004, and January 28, 2005, THDA reached its goal of helping 161 families into homeownership by investing \$1.6 million of ADDI funds to leverage over \$14 million in new homeownership with an average sales price of \$86,992. This assistance was offered on a first come, first served, basis.

The income level of the families served was as follows: 51 families were at or below 50% of the area median income; 41 families were between 50% and 60%; and 69 families were between 60% and 80%. There were seven families purchasing homes with ADDI funds who participated in Section 8 to homeownership programs. One family moved from Public Housing to homeownership. There were 27 African American – more-

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families, one Asian American family, three Hispanic families and one Native American family. The initial ADDI program boasted a 19% minority participation rate, almost doubling the 9.6% of minorities who reside in non-metropolitan areas in Tennessee.

To ensure the mortgage loans used in conjunction with the ADDI program go through sound underwriting procedures and that borrowers obtain lower than market interest rates, all 2005 ADDI mortgage loans must be either THDA Great Rate loans, or direct USDA Rural Development subsidized loans. In addition, the homebuyer will be required to contribute at least 1% of the sales price from their own funds for the purchase of their home.

THDA's ADDI program will assist first-time home buyers outside of the local participating jurisdictions of Memphis, Knoxville, Chattanooga, Shelby County, Knox County, Nashville-Davidson County, and the Northeast Consortium of Bristol, Johnson City, Bluff City, Kingsport, Washington and Sullivan counties. These jurisdictions receive ADDI funds directly from the HUD and have developed individualized programs. THDA will offer a special priority to Tennesseans seeking to move from Section 8 and Public Housing, and to those with Special Needs (the developmentally disabled; the mentally ill; and the physically disabled).

THDA's mission is to be the lead state agency promoting sound and affordable housing for people who need help.

For more information regarding THDA and its programs contact our Nashville office at 1-800-228-8432 (for a person who is hearing impaired 615-532-2894). Information about the ADDI program and other programs can also be found on our website at www.tennessee.gov/thda.